

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2571

ANSWERED ON:17.03.2017

Checking Black Money

Sahu Shri Chandu Lal

Will the Minister of FINANCE be pleased to state:

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- (a) whether the Government has taken note of the remarks of former RBI Governor that demonetisation cannot be a stand-alone measure to check black money;
- (b) if so, the reaction of the Government in this regard;
- (c) whether the Government proposes to introduce further tax reforms to have a complete crack on black money and if so, the details thereof;
- (d) the quantum of black money that has been recovered after demonetisation; and
- (e) the steps taken to check the black money during the last three years and the current year?

Answer

MINISTER OF STATE FOR FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

(a) & (b): Some media reports published in February, 2017 have quoted former RBI Governor Shri C.Rangarajan, as saying "Demonetisation cannot be a "standalone measure" to check black money as others like tax and electoral reforms are needed to tackle this menace". It is a stated stand of the Government that action against black money is an on-going process and demonetisation was one amongst a series of measures that have been taken by the Government in recent years inter alia to check black money.

(c): Bringing in tax reforms to check black money is an on-going process. The Government has introduced various additional tax related proposals to curb black money in Finance Bill 2017, which include restriction of cash transaction of Rs. 3 lakh or more, non-deduction under section 80G of Income-tax Act, 1961 if cash donation exceeds Rs. 2000, restriction of donations of Rs.2000 or more to political parties otherwise than by a bank account or through electoral bonds, widening of the scope of taxability of receipt of the sum of money or the property by any person without consideration or for inadequate consideration in excess of Rs. 50,000 and deeming of prescribing fair market value as full value of consideration for computation of capital gains in case of transfer of shares other than quoted shares.

(d): The Income-tax Department conducted more than 1100 enforcement actions (searches and surveys) and issued more than 5100 notices during about 2 months (Mid-November 2016 to 10th January 2017) for verification of suspicious transactions of high value cash deposits. These actions led to seizure of valuables of more than Rs 610 crore which includes cash of Rs. 513 crore and admission of undisclosed income of more than Rs. 5400 crore. Detection of black money and taking necessary actions as per provisions of the Income-tax Act, 1961 is an on-going process.

(e): The Government has taken various steps, both by way of policy initiatives as well as through more effective enforcement actions on the ground to check black money. These include putting in place robust legislative and administrative frame works, systems and processes with due focus on capacity building and integration of information and its mining through increasing use of information technology. Some of the recent measures are – (i) Constitution of the Special Investigation Team (SIT) on Black Money under Chairmanship and Vice-Chairmanship of two former Judges of Hon'ble Supreme Court, (ii) Enactment of a comprehensive law – 'The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015' to specifically deal with black money stashed away abroad, (iii) Constitution of Multi-Agency Group (MAG) consisting of officers of Central Board of Direct Taxes (CBDT), Reserve Bank of India (RBI), Enforcement Directorate (ED) and Financial Intelligence Unit (FIU) for investigation of recent revelations in Panama paper leaks, (iv) Proactively engaging with foreign governments with a view to facilitate and enhance the exchange of information under Double Taxation Avoidance Agreements (DTAAs)/Tax Information Exchange Agreements (TIEAs)/Multilateral Conventions, (v) Proactively furthering global efforts to combat tax evasion/black money, inter alia, by joining the Multilateral Competent Authority Agreement in respect of Automatic Exchange of Information (AEOI) and having information sharing arrangement with USA under its Foreign Account Tax Compliance Act (FATCA), (vi) Renegotiation of DTAAs with other countries to bring the Article on Exchange of Information to International Standards and expanding India's treaty network by signing new DTAAs and TIEAs with many jurisdictions to facilitate the exchange of information and to bring transparency, (vii) Enabling attachment and confiscation of property equivalent in value held within the country where the property/proceeds of crime is taken or held outside the country by amending the Prevention of Money-laundering Act, 2002 through the Finance Act, 2015, (viii) Enactment of the Benami Transactions (Prohibition) Amendment Act, 2016 to amend the Benami Transactions (Prohibition) Act, 1988 with a view to, inter alia, enable confiscation of Benami property and prosecution of benamidar and the beneficial owner, (ix) Initiation of the information technology based 'Project Insight' for strengthening the non-intrusive, information driven approach for improving tax compliance, and (x) Launching of 'Operation Clean Money' on 31st January 2017 for collection, collation and analysis of information on cash transactions during demonetisation period, extensive use of information technology and data analytics tools for identification of high risk cases,

expeditious e-verification of suspect cases and enforcement actions in appropriate cases which include searches, surveys, enquiries, assessment of income, levy of taxes, penalties, etc. and filing of prosecution complaints in criminal courts, wherever applicable.